

City of Brewer, Maine Investment Policy

Adopted: August 10, 1999

Revised: April 11, 2000, December 17, 2001 and February 11, 2013

Policy

It is the policy of the City of Brewer to invest public funds in a manner which will provide safety of principal with a market rate of return while meeting the daily cash flow demands of the entity.

Title 30-A Section 5706 et seq. of the Maine Revised Statutes Annotated, authorizes Treasurers to invest municipal funds by direction of the Municipal Officers. All investment instruments allowed in this policy must be expressly authorized by the Maine Statutes. However, it must be recognized that legal does not mean necessarily suitable and that this policy reflects the intent of any investment plan, not the plan itself.

The purpose of this policy is to focus objectives and to clarify the accountability of the investment guidelines delegated to the Treasurer and the Assistant Treasurer. The City wishes to safeguard the principal as well as to maintain liquidity for invested funds rather than prioritizing a maximum yield on those investments against increased risks.

Scope

This investment policy applies to all financial assets and funds of the City of Brewer listed as follows:

- ☐ General Fund
- ☐ Enterprise Funds
- ☐ Capital Improvement Funds
- ☐ Special Revenue Funds
- ☐ Trust and Agency Funds

Objective

The primary objectives, in priority order, of the City of Brewer's investment activities shall be:

- ☐ **Safety.** Safety of principal is the foremost objective of the investment program.

- ❑ **Liquidity.** The City's investment portfolio will remain sufficiently liquid to enable it to meet all operating requirements, which might be reasonably anticipated.
- ❑ **Return on Investment.** The City of Brewer's investment portfolio shall be designed with the objective of attaining a maximum rate of return throughout budgetary and economic cycles, but investing in only the highest quality instruments.
- ❑ **Diversity.** The City will diversify its investments, when practical, to avoid incurring unreasonable risks regarding specific security type or individual institutions.

Investment Principles:

1. In order to maintain liquidity, that the maturity date of the investment shall not fall beyond the time the City anticipates it will need the funds. Monies in the General Fund shall have investment maturities of one year or less. In the case of non-operating funds, investments shall have maturities consistent with the anticipated date of expenditure of the funds at the time the investment is made.
2. If in the best interest of the City, a daily Sweep investment account shall be established and maintained to automatically invest available funds on a day-to-day basis.
3. Choice of banks for deposits and investments of funds are limited to those financial institutions which are insured by the FDIC. Any funds deposited that exceeds the \$100,000 insurance limit must be collateralized by the financial institution at 110% of the face value of the deposit or preferably be fully insured by an independent agency.
4. Repurchase agreements may only be obtained from financial institutions whose assets exceed \$100 million, or from financial institutions authorized by the City Council. Repurchase agreements must be collateralized at a minimum of 102% of principal or be fully insured by an independent agency.
5. Any designated collateral shall consist of U.S. Treasury or U.S. Government Agency obligations.
6. Preference will be given to banking institutions that have an established full service office in the City of Brewer.

7. All participating banks must be optimally ranked by a nationally ranked bank rating system; e.g. Veribanc uses a “Green”, “***” rating for the top performing banks.
8. Any use of a professional money manager must have a custodial Safekeeping arrangement in place, in accordance with Maine law.

Authorized Investments:

1. Financial Institutions with F.D.I.C. coverage
2. Obligations of the U.S. Government, or its agencies; all purchases made through competitive quotes.
 - ☐ U.S. Treasury Bills
 - ☐ U.S. Treasury Notes
 - ☐ U.S. Treasury Bonds
 - ☐ U.S. Government Agency Securities
 - ☐ U.S. Government Sponsored Corporation Instruments
3. Certificates of deposit. CD's should be purchased based upon the results of competitive quote.
4. Repurchase Agreements with underlying collateral (REPO)
 - ☐ Secured by U.S. Treasuries @ 102% of cost
5. Rated Money Market Mutual Funds invested in U.S. obligations.
6. Pooled Investments, such as Local Government Investment Pools that are in investments limited by Maine State Statutes to the extent that a favorable interest rate of at least 1/8 of 1% exists.

Safekeeping & Custody

All security collateral, including the collateral for repurchase agreements, will be held by a third party custodian, or Trust Department designated by the Treasurer and evidenced by safekeeping receipts. The safekeeping agreements must be in accordance with Maine law.

Ethics and Conflicts of Interest

Officers and employees of the City involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. No Finance Department employee shall have any material

financial interests in the financial institutions with which it conducts business, nor shall he/she accept any gifts, free service or payment of any kind for performing his/her duties under this policy. The Treasurer shall further abide by the G.F.O.A. Code of Professional Ethics.

Authorized Financial Institutions

A minimum of a bi-annual review of the financial condition of previously qualified banking institutions will be conducted by the Finance Director.

Periodically, or at least every seven years, the Finance Director shall prepare a *Request for Proposal* to engage the services of the best qualified financial institutions for its primary banking services. The RFP shall include requests for investment services, which may be considered separately from banking services if deemed in the best interest of the City. Results of bids for services or *Requests for Proposals* shall be summarized by the Finance Director and a recommendation made to the City Manager and City Council for approval.

Reporting to City Manager

In accordance with Section 202, Chapter 4 of the City of Brewer's Ordinance, the Finance Director shall prepare a monthly statement of the City's cash and investment status to the City Manager.

Adopted, August 10, 1999

Revised, April 11, 2000

Revised, December 17, 2001 (Council order 2001-A14)

Revised, February 11, 2013 (Council order 2013-A015)